



CITY COMMISSION VISION 2016-2021

A COMPREHENSIVE REVIEW OF
ONGOING AND COMPLETED GOALS

AS APPROVED BY THE
MUSKEGON CITY COMMISSION

UPDATED DECEMBER 2020

THE VISION

In January 2016, the City Commission convened with staff to discuss a five-year vision for the City. This update focuses on our City's progress upon the completion of the fifth year of strategic action items in our collective effort to realize that vision.

At that time in 2016, the 2021 visionary items identified by City Commissioners included many community and economic development items. Many Commissioners expected to see the ownership transition at the former Sappi Paper Mill completed, as well as the current housing developments at Terrace Point Landing and Midtown Square completed. Commissioners also expected to see redevelopment underway at the Edison Landing (Smartzone) property. Commissioners envisioned Downtown Muskegon functioning as a destination for cultural and retail activity (with specialty stores and a grocery or co-op store), as well as a home to a specialty high school, college students, a new convention center, and a cruise ship port; many of the vacant lots currently on Western Avenue would now house mixed use buildings. Commissioners expected to see the former Farmers Market site on Yuba Street cleaned and under development with new opportunities, as well. There was a further desire to see the City's festivals grow and include a defined pedestrian route from the core downtown to Heritage Landing. From a blight standpoint, Commissioners expected to see far less blight throughout our community, with an additional emphasis focused on cleaning up our city's gateways and entry points. Commissioners expected to see a healthier Muskegon Lake, with more visitors and better environmental conditions. Commissioners generally expected to see more housing opportunities – single family houses, condos, and apartments – throughout the entire city.

This represents a vision for Muskegon that will take coordinated efforts by elected officials, staff, residents, and the members of the business community. Well-defined goals are vital in working toward this vision. The Commission originally agreed in 2016 to work to obtain this vision by establishing four goal areas: Housing, Image, Quality of Life, and Revitalizing Revenue.

In subsequent goal setting sessions in March 2017, October 2018, and March 2019, the City Commission reconvened with staff to discuss measurable goals and objectives for the coming fiscal year(s). The commitment to the long-term vision set forth in 2016 remains unchanged, and certain short-term goals have been identified to help reach that ultimate vision. A great emphasis on improving quality of life was identified as the best way to meet this established vision.

This document is expected to further guide staff action over the next year to meet our collective vision for Muskegon in 2021. A strong emphasis will be placed on incrementally improving quality of life indicators with an expected outcome to be substantial improvement in all four of the original goals areas established in 2016.

2021 COMMISSION GOALS

2021 GOAL 1: HOUSING

Create an environment that effectively attracts new residents to Muskegon by filling existing employment gaps, attracting new businesses to the city, and expanding access to high-quality housing in Muskegon.

2021 GOAL 2: IMAGE

Create an environment where blight fight efforts can be highly successful in improving the attractiveness of our community's neighborhoods – to both current residents and future potential residents.

GOAL 3: QUALITY OF LIFE

Create an environment that puts an emphasis on improving amenities and investing in the traits that positively affect residents' quality of life, including a continued focus on improving community safety.

GOAL 4: REVITALIZE REVENUES

Create an environment that naturally affects the city's revenues in a positive manner, with a focus on reclaiming the investments at Midtown Square, nurturing startup projects proposed throughout the city, and exploring staff recommendations related to new revenues.

2021 GOAL 1: HOUSING

Create an environment that effectively attracts new residents to Muskegon by filling existing employment gaps, attracting new businesses to the city, and expanding access to high-quality housing in Muskegon.

Key Focus Areas

Attracting new businesses to the city

Expanding access to high-quality housing

Filling existing employment gaps

PROGRESS TOWARD 2021: HOUSING

Approved Commission Action Items:

Action Item 2016-1 Complete Midtown Square Housing Development

All nine homes have been sold and occupied; phase two is underway.

Action Item 2016-2 Fill Proposed Housing Projects

Heritage Square, Heritage Commons, Terrace Flats, The Berkshire Senior Apartments, and Lakeview Lofts have all been substantially completed. The Watermark Apartments remain incomplete; demolition of the dangerous structures on the site has been completed, but the developer has been unable to officially begin construction.

Action Item 2016-3 Sappi Paper Mill Sales Transaction – Redevelopment Plan

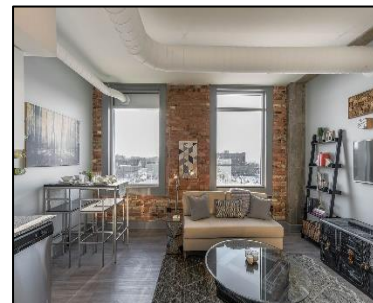
The sale has been completed, and the new owners have released a tentative master development plan for the site, which was rebranded as Windward Pointe. Demolition is complete. Environmental remediation actions are expected to be complete by Summer 2021. There is significant interest by potential developers. The original seven



steps required to facilitate the initial phases of redevelopment, as set forth in the 2016-17 action plan, have been completed. Staff has helped secure a plan to remove the rail from the site, and has moved on to identifying a plan to fund the acquisition/removal. Staff expects to see construction-related activities in late 2021.

Action Item 2016-4 Development of 285 West Western Avenue Complete

The residential portion of the development was completed in 2018. The commercial portion has been leased to end-users and construction is mostly complete. The building is home to one credit union, a dentist's office, and a graphic design company. Overall, this redevelopment effort has been a significant leader in Muskegon's rebirth as a destination for potential residents. The rents in the building have greatly exceeded initial estimates, as tenants strive to be a part of the bustling downtown Muskegon environment.



Action Item 2016-5 880 1st Street Developer Identified

City Staff released a Request for Proposals (RFP) to potential developers in March 2016. The RFP has resulted in a purchase option. After lengthy delays, the option expired and a second developer was identified. Eventually, we moved on to a third developer, as the project proved too large and expensive for our local developers. The current developer has indicated a summer 2021 ground-breaking is likely. To expedite the project, the City undertook the initial demolition of the interior and exterior walls – leaving a shovel-ready structure for the new developer. It is anticipated that the development will be 100% residential, and may increase in size from the current 5-story structure to 10 stories.

Action Item 2016-6 Collaboration with Muskegon Public Schools

We previously implemented an informal arrangement that calls for regular meetings between administrative leadership at both organizations, as well as combined board meetings. To date, one networking session and three combined board meetings have been held. Elected officials and staff members also participated in meetings of the Muskegon Public Schools 2019 bond renewal steering committee.

Other Related Progress on Key Focus Areas:

In addition to individual action items, economic development activities related to resident attraction have been a significant focus of staff time and community investment, as follows:

Attracting New Businesses

- Hemisphere Design located its world headquarters Downtown Muskegon and constructed a new 500,000 sf distribution center. City staff worked to identify and acquire land for this major investment. The company is now owned by KL Industries.
- Staff worked with Port City Ventures to redevelop the long-vacant building at 794 Pine Street. The NorthTown 794 project now houses Aldea Coffee, 794 Kitchen and Bar, Capone's Speakeasy and Pizzeria, Rake Brewing Project, Polka-Dot Paisley clothing store, and a number of new office tenants. The building has helped anchor the east side of Downtown Muskegon, and we expect to see additional development on that end of the business district as a result of this highly-successful venture.
- In March 2019, Muskegon was recognized by Site Selection Magazine as one of the top ten most productive metro areas (population under 250,000) for commercial and industrial site selection projects.
- Lakeside Solid Surfaces relocated its production space to the Port City Industrial Park in 2019.



- Pigeon Hill Brewing Company constructed a new 20,000 square foot brewing facility that significantly increased distribution capacity. Staff facilitated this development



- Many small retail-based businesses have located in the downtown since 2016. These include: Hamburger Mikey, Third Coast Vinyl, The Griffins Rest, Rad Dads' Taco and Tequila Bar, Dr. Rolf's BBQ, Vintage Redefined, The Front Porch, 18th Amendment Spirits, Sky Blue Boutique, The Crue, Oceana Winery, Nipote's Italian Kitchen, Boomtown Market, The Only Cannoli, Harris & Willow, and the NorthTown 794 development mentioned previously.
- A number of other retail-based businesses have opened in other parts of the community: The Coffee Factory, Banana Dog Loose Leaf Tea, Wonderland Distillery, Dockside Salon and Day Spa, Dibs on Resale, The Pierogi Shack, Zaloma's Pizza Company, and Lake Dog.
- In early 2018, staff identified an opportunity to acquire the soon-to-be closed West Shoreline Correctional Facility. Working with State Legislators, staff secured \$4 Million in grants to acquire the 60-acre site and prepare it for industrial development. The sale was completed in June 2019, and deconstruction was completed later that year. The grant dollars were also used to reconstruct Oltoff Drive and Sheridan Drive to prepare for new industrial users. Staff is pursuing Federal grants to assist with additional infrastructure needs at the site.
- In 2018, a medicinal marihuana overlay district was established along an underutilized former industrial corridor. Subsequently, the use was expanded to include adult-use recreational marihuana. To date, the City has approved more than a dozen applications for processing, cultivating, testing, and retailing marihuana products within the overlay district. The first businesses opened in 2019, and have resulted in more than \$10 Million in new investments.



Expanding Access to Quality Housing

- The MEDQ recently approved the placement of a roadway through a dune area to service a planned 230-site housing development near Lake Michigan. The development follows many principles of urban design, and will provide high-quality waterfront housing options. Final PUD approval was completed in 2019, with home construction likely commencing in April/May 2021.
- Staff successfully completed phase one of the Midtown Square housing project. The second phase, funded via a \$3 Million loan from the Fifth Third Bank, includes 16 homes of varying size and type; construction on all of the units is nearing completion. Two homes have been sold as of October 2020, and two



model homes are complete. The remaining homes will be available to buyers before the end of the year. The project has helped breathe new life into the Nelson Neighborhood, and has significantly improved overall quality of life for longtime residents of the neighborhood.

- As the Midtown Square Housing projects come to an end, it is anticipated that this program will grow into a city-wide infill-housing program that utilizes more than 500 vacant city lots – mostly in the City’s central and easterly neighborhoods. The program will be a private-public partnership that uses private capital upfront to create mixed-income homes for sale and rent, with the operating costs backstopped by project-generated Brownfield TIF proceeds. Staff recently gained approval from the MEDC to proceed to the Michigan Strategic Fund Board with the recommendation to turn our infill housing program into a pilot program for financing infill housing throughout the state; this approval will give the city access the full Brownfield capture revenues, which will be used to offset public investments in the program.



- As mentioned previously, the 120-acre Windward Pointe neighborhood is expected to be completed over multiple phases over the next 5-7 years. Staff has negotiated an agreement with CSXT and GWRR to release ownership of the abandoned rail line that bisects the property.
- The Terrace Point Landing Development includes a mixture of 72 single family detached and attached houses on Muskegon Lake. The project, which broke ground in 2016, is more than 90% complete.
- The City sold an unused parking lot adjacent to Hartshorn Marina to a group of developers aiming to complete a high-end waterfront condominium project.

The Final PUD for the 55- unit development has been approved by both the Planning Commission and City Commission, and the initial infrastructure build-out is complete. Condominium construction is slated to begin late 2020.



- The City's Community and Neighborhood Services Department continues to utilize the Federal CDBG and HOME programs to help provide quality housing for low-and-moderate income qualified families. Since 2016, the department has either renovated or constructed a total of 10 homes for qualified residents.
- The City has helped incentivize a number of multi-family housing developments in the downtown area over the past four years, adding approximately 150 new apartments and townhouses in Downtown Muskegon. In that timeframe, The Amazon Apartments also undertook a major interior remodeling project that renovated more than 100 previously income-restricted apartments into market-rate apartments. Additional housing projects expected to be completed by 2022 The Leonard Building, Lakeview Lofts Phase 2, The Muskegon Hotel, and Terrace Flats Phase 2.
- The city-owned structure at 880 First Street is a 5-story metal building skeleton. Staff has identified a purchaser that intends to add an additional five stories to the structure. The 10-story development will feature nine stories of housing, one story of residential amenities, and underground parking.
- A senior Low-Income Housing Tax Credit project recently received both city and state approval. The mixed-use development will be located at the intersection of Spring Street and Clay Avenue. The site has long-been vacant.



- The city's commitment to affordable workforce housing is unwavering. Staff recently positioned the city to add another income-restricted non-senior housing opportunity on the longtime site of city hall's employee parking lot. The parking was not replaced with a new parking lot, but rather was replaced by restriping Terrace Street to add angle parking – a move that also significantly improved walkability and pedestrian safety around city hall.



- Beginning in 2018, the City implemented a market-rate home renovation program by acquiring a combination of blighted and tax foreclosed properties to be renovated and offered for sale. To date, nine structures have been acquired. Five have been completed and sold, one is under construction, and three others were turned over to private investors to complete. Some examples:



- In 2019, staff completed a housing study that examined rental housing types throughout the city. The study reviewed rental rates, vacancy rates, unit size, and population served. The study has been useful in attracting interest in developing all housing types, with a particular new focus on investment in income-restricted workforce housing.
- Staff was awarded a grant through MEDC programming to assist with the redevelopment of 1144 Third Street. This site was once home to an Oldsmobile dealership, and is now used for storage. The grant will be used to create an RFQ/P for potential developers. The property is privately-owned, but the city has significant interest in assisting with the redevelopment to a more-active end use.
- Throughout much of 2020, staff has been working with the new owners of the Harbor 31 Smart Zone property. In cooperation with staff, the group has developed a new site plan that no longer depends on the development of a casino. The new site plan contemplates a mixture of single-family homes, apartments, townhouses, retail, hospitality, marina, and senior care uses. Staff anticipates that construction of certain portions of the development could be

underway in early 2021. The development will help improve connectivity between the traditional downtown and the lakeshore.



Filling Existing Employment Gaps

- Wages continue to grow for both residents and non-residents working in Muskegon – as is evidenced by significant growth in local income tax withholdings. Income tax withholdings are only a portion of our City’s total income tax revenues, but employee withholding trends speak directly to the quantity and quality of jobs within the city limits.
- Income taxes paid by residents are up 28.5% since FY 2012-13, while the number of resident tax filings are up 7.5%. Resident income tax filers are earning on average 19.5% more today than in FY 2012-13. The average city resident tax filer earns \$10,300 more today than in 2012-13. This indicates that jobs are more plentiful, wages are growing, and more jobs are being filled by people that live in the city limits.
- The city implemented a residency incentive for its employees – to further encourage residency within the city limits. This has resulted in more employees at every level moving/living in the community. All of the city’s division-head level employees reside in the city limits, and more than 75% of all department heads now reside here as well. The goal of the program is to incentivize the majority of the city’s nearly 250 employees to live and work in the city limits; the impact is compounded by the likelihood of employees’ working spouses also living and working in the city limits.

2021 GOAL 2: IMAGE

Create an environment where blight fight efforts can be highly successful in improving the attractiveness of our community's neighborhoods – to both current residents and future potential residents.

Key Focus Areas

Blight Fight

Improving attractiveness of our community

PROGRESS TOWARD 2021: IMAGE

Approved Commission Action Items:

Action Item 2016-1 Highlight Individual and Business Projects

The Citizen of the Year awards continue to be a popular event for both residents and non-residents. Additionally, the Beautification Awards, which are focused on residences as well as businesses, continue to generate many worthwhile nominations and winners. Both of these programs are expected to continue into the future. The city has been featured in numerous news stories – locally, regionally, state-wide, and nationally.

Action Item 2016-2 Continue Watch Muskegon

The campaign consists of three main pillars – Marketing, Education, and Beautification.

From a marketing standpoint, signs, billboards, t-shirts and sweatshirts, flags, and banners have all been used to spread the word and show support. The campaign was promoted in conjunction with the Chamber of Commerce; city staff sponsored events and activities through advertising when feasible.

From a beautification standpoint, city staff continued to serve as an integral member of the county-wide beautification committee. The current emphasis remains on beautifying the Sherman Boulevard corridor. This amazing effort included the coordination and cooperation of Muskegon Heights, Norton Shores, Roosevelt Park, and City of Muskegon. Flowers and plantings were implemented along the route that begins at US 31 and travels westerly to Lake Michigan, making it more attractive for our visitors driving to our beautiful lakefront. Emphasis has also been focused on Seaway Drive – trees, plantings, railroad bridge painting, and other tasks have been completed.

Watch Muskegon's education pillar is focused on the Muskegon STAR program. More than 2,500 people have completed the program.



Action Item 2016-3 *Public Safety Community Engagements*

The Muskegon Police Department continues to operate its Neighborhood Policing Unit, and also provides a school resource officer to Muskegon Public Schools. In addition to the daily interactions through community policing, the Police Department is a leading participant in community-oriented activities like the Social Justice Committee, Coffee with a Cop, Shop with a Cop, National Night Out, the Evening Recreation Program, beach safety patrol, and numerous special events held throughout the tourist season. City and Police Administration have made it a priority to build and support strong relations with residents.

Action Item 2016-4 *Complete Cleanup at Former Farmers Market*

During the winter of 2015-16, DPW work crews completed the demolition of the structures that were housed on the site. The remaining concrete/asphalt on the site will be removed as part of the Spring and Yuba Street sewer projects. A developer has been identified, and we expect to see new housing constructed at the site in 2021.

Action Item 2016-5 *Welcome Committee and Star Training*

All front-line customer service staff has been through Muskegon Star training. Additionally, key staff members in both the Parks Department and the Public Works Department were afforded the opportunity to complete Muskegon Star training. The goal of sending these groups through the training is to educate them on the best ways to speak positively about Muskegon and to inform both residents and visitors about the cultural, educational, and recreational opportunities that exist in the area.

Action Item 2016-6 *Improve Walkability*

See Quality of Life Action Item 3.

Action Item 2016-7 *Increase Frequency of Community Meetings*

Staff originally recommended an annual schedule that called for Community Relations Committee meetings and/or Work Sessions to be held twice per year offsite, with the format proposed to be changed to allow for community discussion of important/relevant issues. This goal was met in 2016 and 2017; one offsite meeting was held at the LC Walker Arena in 2018. Offsite meetings were not incorporated in 2020's scheduling, and it's unlikely to include many in early 2021 as the community recovers from the COVID-19 pandemic.

In addition to the offsite meetings, a number of community meetings were held at City Hall. Topics included committee/commission opportunities, staff/department duties, and information-gathering on key community-wide topics.

Other Related Progress on Key Focus Areas:

Since 2016, significant efforts have been made to improve the City's image:

- **Successful Blight Fight Efforts**
 - Since 2015, staff has demolished 175 vacant or blighted structures, including a number of significant industrial/commercial sites.
 - Since 2015, private property owners have demolished 75 vacant or blighted structures.
 - Blight abatement efforts have been very successful in eliminating the large-scale blight associated with vacant and dangerous buildings, fire damaged properties, excessive trash/rubbish in yards, and severely poor property maintenance. SAFEbuilt has been able to focus its attention on general property maintenance, like mowing, weed abatement, garbage on porches, etc.
 - The aesthetic condition of the city has greatly improved. In 2015, SAFEbuilt sent 8,821 enforcement letters. In 2018, that number had been reduced to 5,769. In 2019, that number had been further reduced to 4,950. The 44% reduction in property maintenance complaints was achieved while simultaneously improving maintenance standards throughout the city – including year-round code enforcement compared to the previous standard of nine-months, and a grass enforcement standard set at 6 inches in height compared to the previous 8 inches.
- **Improving Attractiveness of our Community**
 - In 2017, the City partnered with Avasure and Community EnCompass to undertake a number of beautification and maintenance projects. The city provided equipment for their curb and sidewalk edging program. The purpose of the program is to begin to focus on improving curb appeal within our neighborhoods by clearing sidewalks and curb lines of overgrown grass/weeds.
 - Beginning in 2017, the Department of Community and Neighborhood Services implemented the Neighborhood Empowerment Program. The program incentivizes neighborhood groups to undertake community-building and beautification activities within their neighborhood(s). The most significant component of this strategy is the adopt-a-lot program, which pays neighborhood groups to care for vacant city-owned lots. Each summer, in excess of 150 lots are adopted and maintained by neighborhood groups, and the proceeds paid by the city to the community groups for the lot adoptions are used to make



other improvements in the neighborhood(s), such as park improvements and various beatification projects.

- As previously noted in this report, the City has been working to acquire blighted homes in the core neighborhoods and rehabilitate them for fair-market sale. Over the course of the five years of this program, staff will have renovated and sold 10+ blighted homes.
- Hundreds of new street trees have been planted throughout the city – mostly in residential areas. Street trees are considered to be one of the greatest returns on investment for neighborhood value.
- In 2020, staff successfully implemented a project to repaint the railroad bridge that crosses Seaway Drive. The bridge was rusty, and considered by many to be an eyesore on the city's main thoroughfare. The project



included water blasting the lead paint and rust off of the bridge, completing a base coat of paint, and finally installing public art of the façade of the bridge.

- The LED streetlight implementation has added better lighting to each of our neighborhoods. The reduced cost could also put the city into a position to add mid-block lights throughout the city.
- In 2018, the City began the process of demolishing the long-vacant and dangerous Park Street Storage building. The structure had begun to collapse onto the city right-of-way, and featured hundreds of tons of garbage and debris, as well as dozens of improperly-abandoned underground storage tanks. Following the demolition, staff negotiated a land swap with Muskegon Catholic Charities that resulted in the construction of new offices and service activities on the recently-cleaned site, including a much-needed detox center for recovering opiate addicts.



- Staff has been working to implement a form-based code throughout the city. The new zoning code will focus on building neighborhoods that are walkable and attractive, while creating diverse housing opportunities. Additionally, staff is in the process of visiting all neighborhoods to gather

input on an updated master land use plan that will include more of the small-lot offerings, as well as more missing-middle housing opportunities.

- The Muskegon Public Art Initiative was created in 2018 to raise dollars for monumental public art displays across the city. The initial endowment included a \$250,000 contribution from a former SPX executive that maintains philanthropic relations in Muskegon. A number of projects have been funded to date, including A City Built on Timber (pictured), Moxie, Pere Marquette Park roundabout art, RR bridges, and many others.



- A number of new neighborhood-based developments have been created to attract new residents to our community. Hartshorn Marina Village, Terrace Point Landing, the West Urban Infill and the former farmers market projects will all add new opportunities to attract residents.
- In 2018, Muskegon's great efforts were recognized across the nation, when we were awarded as the winner of the Strong Towns *Strongest Town* award. Previously, the only winner from the State of Michigan was Traverse City. The event organizers used their scoring criteria as well as public voting to select the winner. In particular, the organizers identified the leadership in the city manager's office and the planning department as key factors in the city's selection. The award has helped bring a significant boost to Muskegon's image throughout the State of Michigan.



- In 2015, the City became one of the early recipients of the MEDC's Redevelopment Ready Communities designation. In 2020, the City became one of the first cities to have that designation recertified. RRC certified communities excel at planning for new investment and reinvestment, identifying assets and opportunities, and focusing limited resources. RRC certified communities also attract and retain businesses, offer superior customer service, and have a streamlined development approval process. Muskegon's development experience is considered transparent, predictable, and efficient.

GOAL 3: QUALITY OF LIFE

Create an environment that puts an emphasis on improving amenities and investing in the traits that positively affect residents' quality of life, including a continued focus on improving community safety.

Key Focus Areas

Improving Amenities

Investing in Quality of Life

Improving Community Safety

PROGRESS TOWARD 2021: QUALITY OF LIFE

Approved Commission Action Items:

Action Item 2016-1 Develop A Community Safety Plan

At the direction of Commissioners, this action item has changed since its initial appearance in this plan. The focus going forward will be on building and strengthening the police department's relationship with the community. This item will be envisioned as an action item for 2021.

Action Item 2016-2 Continue to Engage and Support Neighborhood Associations

The City's Neighborhood Empowerment Program was implemented in 2017. This program provides assistance to neighborhood associations as they work to make improvements to the services they provide, the quality of life of their neighbors, and the overall livability of their neighborhood.

Action Item 2016-3 Improve Year-Round Walkability

Staff was tasked with using art to encourage pedestrian traffic downtown. A number of great temporary and permanent art exhibits were installed throughout the downtown. In 2016, an Avian Avatars exhibit was installed at various locations throughout the downtown; in 2017 the avatars were replaced with a two-year exhibit titled "Impossible," featuring dozens of artistic boulders installed in the trees of Hackley Park and around the Muskegon Museum of Art. Also in 2017, a downtown cell phone application was created to encourage walking to view art,

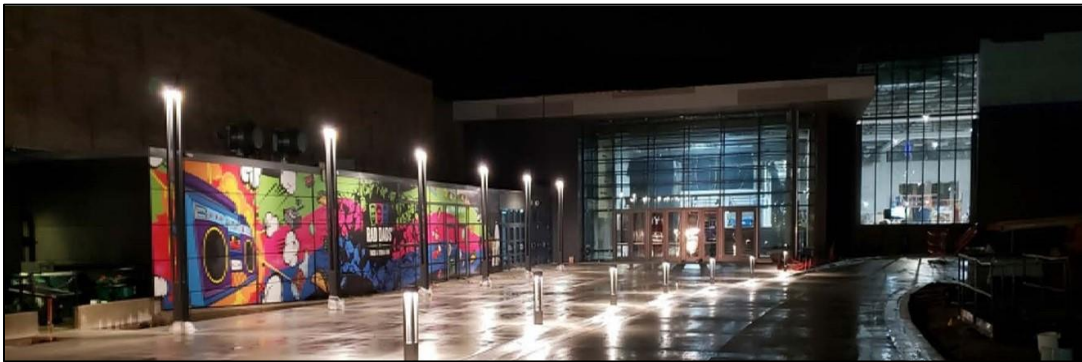


visit commercial establishments, and attend events. Since 2017, permanent art projects dedicated to the Lyman Davis Schooner, the Boogie-Woogie Bugle Boy, and our community's Native American history were all installed in the downtown. Additionally, in 2019, a new community art exhibit featuring a large bronze mastodon sculpture was installed at the Lakeshore Museum Center, as well as small bronze mastodon sculptures located at more than a dozen locations in the downtown – families visiting the Lakeshore Museum Center will be encouraged to spend time finding the statues as part of their visit to the museum. Other downtown art installed since that time include a temporary kayak exhibit, a partnership with Padnos Recycling using recycled materials to make sculptures, an interactive butterfly wing exhibit, two pieces from the Muskegon Museum of Art were acquired by the city and moved to Western Avenue, the Steven Urry Arch was relocated to a more accessible location at the County's CVB, and a new monumental sculpture was installed at the entrance to Heritage Landing.

Staff was tasked with identifying two downtown infill projects that could be either permanent or temporary. A temporary volleyball court was created on a vacant lot across from Unruly Brewing in 2016. A year later, the lot was sold to a developer; the volleyball courts were relocated a block away and expanded to include a pop-up retail incubator called the Western Market. In 2018, the Western Market was expanded to feature 12 chalets and event space. This effort has generated significant positive news for the community.



Beginning in 2021, the Muskegon Convention Center will be open, with a focus on walkable winter events. Additionally, the Mercy Health Arena has been recognized as one of the top walkable youth hockey showcase arenas in the state because of its connectivity to the Delta and the convention center, as well as access to Rad Dad's and the planned Carlisle's Restaurant. Winter-related improvements around the arena include heated sidewalks and additional accessible parking spaces.



Action Item 2016-4 *Entertainment – Pop-Up Arts/Activities*

Staff fostered a significant number of pop-up activities since 2016. These included: adding space for self-organized group activities like beach volleyball and soccer, fowling, and recreational fires downtown, as well as organizing and sponsoring formal events like First Fridays, food truck rallies, farm dinners, and much more. Additionally, since 2017, the City has been growing its reputation as a popular Great Lakes cruise ship destination (up to 30 ships were anticipated in 2020 until



the COVID-19 pandemic halted Great Lakes cruising for the season). The downtown social district was also established in 2020. The downtown has quickly become an incubator of unique events, arts, and attractions.



Action Item 2016-5 *Dog Park and Skate Park Improvements*

The Downtown Pet Safe Bark Park is complete – and very popular among local dogs (and owners). A team of community members is working through a plan to relocate and reinvent the skate park. Funding continues to be an issue.

Action Item 2016-6 *Improve Use of Blight Application*

The blight application has been only moderately popular. In many ways, this is great news. When staff originally introduced the blight application, our City's blight situation was much different. Property owners have been maintaining the City's neighborhoods at a higher level today, and SAFEbuilt is doing a far superior job identifying and mitigating blight issues early in the process. The result has been a significant reduction in the need for a blight-specific application.

2017 Action Items.

In 2017, The City Commission identified seven tenants of quality of life to build on our efforts outlaid in 2016. The Seven Tenants are as follows:

- **Education** (attainment levels, quality of education available, etc.)
- **Living Conditions** (housing costs/condition, income levels, disposable income, etc.)
- **Productive Activities** (quality/availability of jobs, volunteer opportunities, etc.)
- **Environment** (economic diversity, public safety, air/water/noise, wellbeing, etc.)
- **Health** (physical health, mental health, access to health care, etc.)
- **Leisure Activities** (clubs, special/sporting/cultural events, parks/recreation, etc.)
- **Governance** (citizen participation, equality, satisfaction with services, etc.)

Action Item 2017-1 Invest in *Leisure Activities* Tenant of Quality of Life:

The Quality of Life Millage was never brought to voters. However, fundraising for projects associated with the program continued - and many of them have been



completed. The projects that were originally to be included were improvements to the Mercy Health Arena, Art Museum, County Museum, Winter Sports Complex, Frauenthal Center, and two other sites outside of the city limits. The desired improvements at Pere Marquette Park related to the 2017 MDNR Grant were completed, and staff has developed a plan

to improve parking and access to economic activities at Pere Marquette Park. Additionally, many of the arena related improvements were completed in partnership with the Muskegon Lumberjacks and the Muskegon Downtown Development Authority.

Staff continues to work to provide unique and sustainable pop-up activities and improve walkability throughout the city. A number of events were hosted, and street improvements were implemented throughout our neighborhoods. Both Third Street and Lakeshore Drive have benefited from streetscapes that focus on pedestrians.

In 2018 and 2019, Staff hosted a number of events meant to provide more activities for families. The Clerk's office held Taste of Muskegon at Hackley Park, a community celebration for Cole's Quality Foods' 75th anniversary, and a three-day sesquicentennial event at Heritage Landing that included free events for families and affordable musical entertainment from many diverse genres; including Freddie Jackson, Phil Denny, Warrant, Kansas, Brett Michaels, and Gretchen Wilson. Other smaller events included numerous food truck rallies, kids events (touch the trucks, street performers, and a dinosaur dig), and dinner events at the farmers market.



Action Item 2017-2 Invest in *Living Conditions* Tenant of Quality of Life:

While the Watermark project has stalled, we have witnessed substantial completion at many others, including Highpoint Flats, Lakeview Lofts (phase 1), Berkshire Senior



Living, Western Place Townhouses, Terrace Flats Apartments, and Terrace Point Landing. We expect to see additional activity at Hartshorn Marina Village, 880 First, The Leonard, and Lakeview Lofts (phase 2) in 2021.

All initial Midtown Square homes have been sold, and development is underway on phase 2. Windward Point investors have successfully created a traditional urban design, as have the developers of the Docks.

The average property demolition period has been streamlined to less than 90 days – once added to priority list; more than 75 houses have been brought to code or demolished every year since 2017. A big change in this process is that more of the homes are either being brought to code or self-demolished – the city is demolishing far fewer structures today than it had in recent years.

The new small-lot zoning overlay has been implemented throughout the city. Additionally, residential form-based code has been implemented in some neighborhoods. Staff would like to see additional areas to allow for duplexes, triplexes, and small multiplexes.

Action Item 2017-3 *Invest in **Education** Tenant of Quality of Life:*

We have met with MPS with the goal of developing a collaborative action plan to improve quality of K-12 education. We hope efforts are more fruitful with the new administration. A remaining goal is to further impacts of the Muskegon Promise and realize a measurable increase in education attainment of Muskegon residents by 2021.

Action Item 2017-4 *Invest in **Governance** Tenant of Quality of Life:*

Staff endeavored to hold two general community meetings outside of city hall each year. This was not met in 2019 or 2020. The process was initiated to engage the community with meetings to develop a street and parks funding plan; it will be a heavy lift because of the overall needs of the systems.

Action Item 2017-5 *Invest in **Productive Activities** Tenant of Quality of Life:*

Staff successfully identified and acquired land for a potential industrial park expansion focused on high-tech, food processing, and/or port uses. Additional work is planned to create strategic opportunities for reuse of former industrial corridors throughout the City. The cannabis industry is taking control of one of our largest underutilized former industrial areas.

The Neighborhood Empowerment program was created and implemented as a way to incentivize neighborhood groups to get involved with the condition of their neighborhood. The program provides many productive activities for community members, including adopt-a-lot, picnics, newsletter delivery, dumpster days, and more. A grant program was also recently implemented to provide funds to individual property owners seeking to beautify their front yards.

Action Item 2017-6 *Invest in **Environment** Tenant of Quality of Life:*

The idea of developing a long-term community safety plan focused on crime reduction, community engagement, and police/community relations was reimagined in favor of focusing on programs that already exist within the department.

Additional recent environmental related investments include a partnership between the city and WMSRDC to secure ownership of the former Carpenter Brothers industrial site and use the space to reopen a covered creek bed and provide better drainage and wetlands for the area. Other projects include environmental work on the Ryerson Creek outfall, the former Amoco Oil tank farm site, and environmental remediation at the former SAPPI industrial site.

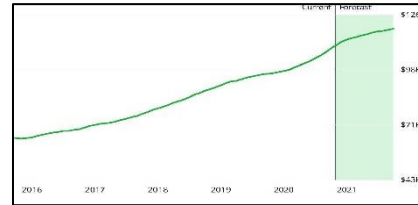
2019 Action Items.

In 2019, The City Commission met and directed staff to focus on quality of life tenants that received less impactful progress in the recent years. Additional emphasis was placed on the following areas:

Action Item 2019-1 *Continue focusing on quality of life tenants.*

- **Education.** Many staff members and elected officials either volunteered for, donated to, or otherwise supported the Muskegon Public Schools 30-year bond campaign in early 2020. Both proposals were successful, and now staff will be working directly with school officials to ensure the new schools and district-wide improvements are designed in a way that is mutually beneficial to the students and the surrounding neighborhoods.
- **Living Conditions.** For many years, much of Muskegon's aging housing market was depressed – resulting in areas of our city that boasted very affordable purchase prices and rents. These depressed values also deterred significant ownership investments into our existing housing stock (remodels, additions, routine maintenance, capital maintenance, etc.), and the result was an abundance of affordable, but unkempt and ill-maintained housing throughout parts of the city. For years, many of the city's houses were treated almost as disposable – used by landlords and homeowners until they were too ill-maintained to occupy, and then abandoned and demolished by the city's public safety department. The corresponding depressed existing housing values made reconstruction unviable, and the result has been hundreds of publicly-owned vacant residential lots across the city.

Many areas throughout West Michigan have experienced significant growth in housing costs over the past 5 years. There are many factors contributing to the increased costs, including economic prosperity, increased building costs, and increased demand. Muskegon has not been shielded from these increases, as our property values have increased at comparable (and higher) rates over that time. The graph to the right was generated by www.zillow.com, and demonstrates property value growth in Muskegon and Muskegon Township.



2020 marked our city's fifth consecutive year of increased housing values. The result has been an increase in home renovations and property maintenance as home values are more able to support the owners' investments. The city has played an important role in this process – both as a market-driver and as a compliment to the natural market improvements. Our goal, however, remains the same: to improve the living conditions in Muskegon – in terms of housing quality, quantity, diversity, desirability, and affordability. Staff has worked to meet this goal using four distinct methods: new construction, renovation of existing homes/buildings, assistance to homeowners, and neighborhood empowerment.

The impact on homeowners has been great from value standpoint. This seems to be true across many sectors of the market. We have approximately 14,000 – 49.9% of them are owner occupied. That's low compared to the national average of 63.8%. In Muskegon, 46.2% of owner-occupied houses are owned by minorities. That's compared to 39.1% nationally. 37.6% of our homeowners are identified on the US Census as Black or multi-racial – that is compared to 16.2% nationally. We talk a lot about how we can help create generational wealth in our minority communities. Based on our property value growth alone in the past five years, we believe our community is experiencing approximately \$128 Million in new real estate related wealth in the minority community – approximately \$105 Million of which comes from Black or multi-racial owner-occupied homes.

2019 marked the official ground-breaking for the second phase of the Midtown Square housing project. The second phase consists of 16 units. Additionally, the city participated in the development of one new single-family home and one new four-unit affordable rental property (both in the Nelson Neighborhood), and has worked along-side developers to build dozens of homes and apartments, including single-family detached, duplexes, townhouses, and mixed-use apartment buildings at various downtown sites. Other major residential projects have been approved in the Bluffton and Nims neighborhoods, which would add hundreds of new

housing opportunities over the next 3-5 years, and the City is gaining state-wide recognition for its overall infill housing efforts.

Since 2019, the City invested in three income-restricted affordable housing renovations (one each in the Nelson, Angel, and Jackson Hill neighborhoods). These units were completed as part of the City's HOME program. Additionally, staff undertook four semi-affordable housing renovation projects in 2019/20 (one in the Nims Neighborhood, three in the Nelson Neighborhood, and one in the Angell Neighborhood).

2019 marked the completion of the City's 5th year participating in the homeownership incentive program. This program helps homebuyers in the city with up to \$5,000 in down payment assistance. 68 homes were purchased by income-qualified buyers as part of this program; the average purchase price was \$62,085 – very affordable. In total, through 2019, \$276,197.58 has been granted to homeowners, representing 6.5% of the average purchase price. 70% of all assistance went to female borrowers. All neighborhoods benefited from sales, with Sheldon Park and Nims accounting for 31% of the assistance.

Staff executed a number of programs that focused on existing homeowners. Program investments included homeowner lead abatement, furnace repair/replacement, roof replacement, siding/façade grants, and other need-based home improvements. Programs were provided via the City's CDBG program for residents at or below 80% of the area median income, as well as via two large grants (Lead Abatement Grant and Senior Home Repair Grant), which helped other members of the community.

- **Productive Activities.** In 2019, the City added two staff people to the Economic Development Department. The staff expansion was a direct result of the management's ambition to improve relations with employers, excel in competitive employer retention and recruitment activities, and expand our physical offerings for industrial development by providing more places for companies to grow/expand into Muskegon. The expanded team had a number of major accomplishments in 2019 and laid the ground-work for many additional opportunities in the coming year(s).

In early 2019, the City closed on the purchase of the vacant Westshore Correctional Facility. The vision for the 60-acre site was to create space for a densely-developed industrial park. The city eventually received a \$4 Million *State Enhancement Grant* to cover the cost associated with the purchase, related

demolition, and site preparation. As of December 2019, the demolition activities have been completed, and economic development staff is working with various industrial end-users to buildout the site in a manner that creates jobs in the community. Approximately \$1 Million of the enhancement grant receipts have been spent reconstructing the portions of Sheridan Drive and Oltoff Drive adjacent to the property.

The City's economic development team also attended more than 100 business retention meetings – a number of which resulted in assistance with business/contract expansion. Prior to the COVID-19 pandemic, most employers reported that the tight labor market made finding employees difficult. Most residents that were able to work and able to consistently attend/perform seemed to be able to find work.

- **Environment.** 2019 marked another year in the long process of diversifying the local economy to focus greater attention on the tourist and travel industry. In partnership with Muskegon County and Parkland Properties, the City broke ground on a \$21 Million convention center aimed at increasing year-round activity in the downtown. 2019 also marked the completion of \$8+ Million of investment in the former Holiday Inn's upgrade to Delta by Marriott brand. A number of projects are in varying phases of planning or completion along the lakeshore – which will help finalize the transformation of our lake from industry-focused to community and recreation focused. The Imagine Muskegon Lake Plan incorporated much citizen, staff, and corporate input into reimagining our shoreline – the plan was incorporated into the City Master Land Use Plan.
- **Health.** Staff spent considerable time developing a parks improvement/investment plan that sought to identify all of the capital needs in our parks/rec system. Once fully-implemented, residents will have significant opportunity to recreate and exercise in each of our neighborhoods. Additionally, 2019 marked the expansion of the summer recreation and evening recreation programs to include many new opportunities for youth. The programming for 2020 was greatly diminished due to COVID-19, but staff is hopeful to rebuild the programming for 2021. Health is one area where local government has limited direct impact – especially on service provision – but staff has made it a priority to work with medical professionals in a manner that encourages their investment and reinvestment in the core city.

- **Leisure Activities.** We are lucky to have access to so many major cultural and recreational amenities in Muskegon. The City leads the way in providing and/or supporting these activities.

In 2019, The City of Muskegon made a major investment in summer youth activities by funding the Summer Recreation Program and the Summer Revenue Recreation Program. The program was slightly expanded from the previous year to cover more face-to-face days/times with youth. The program also added more special activities, including kayaking, boating, and skating. 2021 programming is expected to expand further – adding Fridays to the programming for the first time; youth will have activities six days per week throughout the summer.

Also in 2019: Major investments were made at the downtown sports arena; construction commenced on the new downtown convention center; expanded restrooms and playground opened at Pere Marquette Park; a new recreational hockey team was created in partnership with the Boys and Girls Club of the Lakeshore; a partnership was formed with Sport and Social Club from Grand Rapids to provide adult recreational sporting leagues; partnerships with the city's professional hockey, football, and soccer teams were continued in an effort to provide affordable access for local youth; the City partnered with the USS Silversides Submarine Museum to expand offerings to children.



For 2021, staff will be recommending the expansion of many cultural and recreational investments, including youth recreation, museums, and public park improvements.

- **Governance.** For 2019, staff began broadcasting City Commission meetings on Facebook Live. This has been well-received, but does present some of the typical problems that social media has interjected into other portions of everyday activities. Our typical meetings receive dozens of viewers, and many participate in conversations during the viewing period. Staff is reviewing other options for community engagement over social media that do not include as many opportunities for misinformation.

Action Item 2019-2 *Devote staff time to the areas that we did not in 2017:*

The areas identified were community safety, education activities, street funding plan, Muskegon Lake Area of Concern designation, and parks/recreation improvements.

Staff continued to work on building strong relations between our community and our public safety department. The relationship will be ever-evolving, but at a time of significant social unrest, our community came together without the rioting that occurred in other cities throughout Michigan and the United States. Going forward, staff is working to set up meetings with key stakeholders from across the city to help reimagine the relationship between the community at the public safety department.

Staff presented a plan to raise funds for both street and park infrastructure needs in 2019. Staff still believes that the plan presented in 2019 is a viable and worthwhile effort. Both our park system and our street system have realized decades of under-funding and deferred maintenance. The costs to begin to bring the facilities to a state that reflects a high quality of life for our residents will be in excess of \$25 Million.

There are approximately 2-3 project areas that need to be addressed prior to removing Muskegon Lake as a recognized Area of Concern. One of the greatest areas is the Amoco Tank Farm site. There is a project ongoing that will move us closer to adequate remediation of that section of the shoreline, however, oil-based wastes persist on the site – and likely will for generations. Staff previously proposed a marina-based residential development that would result in the removal of much of the worst contaminated soils. That project was met with resistance from the Department of Environment, Great Lakes, and Energy because of the impact on perceived wetlands that exist on the site during this period of high water. Staff will continue to work to develop a mitigation plan for that site – preferably one that contains an economic development program to help offset the costs.

Action Item 2019-3 *Develop programs that improve neighborhood livability.*

Items identified by City Commissioners were infill housing, park improvements, and local street improvements

As this report demonstrates, staff has worked diligently to improving housing access. The city's new infill program will likely add hundreds of new houses into existing neighborhoods over the next five years. A number of park improvements are also underway – particularly Aamodt Park, Pere Marquette Park, and Campbell Field, which will see major work to add parking, play equipment, accessibility amenities, and additional parking.

A number of local streets were improved in 2019-20 as part of the City's water and sewer reconstruction projects. Many streets in the Nelson, Nims, and Campbell Field Neighborhoods were positively impacted by the work.

Action Item 2019-4 *Continue to make downtown a top priority*

Commission consensus was that the Downtown must be considered the epicenter for activity for all of Muskegon County. Long-term ideas included: Connectivity to lakeshore, Designated parking (structure), Mix of housing affordability levels, and Events/walkability.

Again, staff's efforts have been exceptionally positive related to Downtown Muskegon. A plan has been developed to help improve accessibility to the lakeshore, and staff is working with a developer to identify a path forward for a parking structure. We have witnessed a number of housing projects move forward – with a mix of affordability and type. Events for 2020 were down because of social distancing requirements, but staff used outdoor space to create dozens of smaller events – road closures, moving restaurants outside, social drinking districts, etc. Additionally, the 49440 zip code – downtown's zip code – was recently recognized as the second fastest growing zip code in the state of Michigan in terms of wage growth.



As the COVID-19 pandemic began to impact the downtown, staff acted swiftly to implement a number of programs that would help the downtown. These included buying gift cards from restaurants, brew pubs, and a handful of other retail establishments. Staff also worked to quickly assemble a significant number of picnic tables for restaurants to use as they expanded their outdoor service areas. Staff also worked to create unique outdoor spaces, like the tiki bar beach behind Burl and Sprig, and the outdoor social areas on Western Avenue. The official Downtown Social Drinking District was also created in September to allow the consumption of alcohol throughout much of the downtown. The city's efforts were recently featured on the front page of the Detroit News, as depicted to the left.

Action Item 2019-5 *Create an updated policy for development incentives.*

This was completed in 2020. After being presented to the City Commission on a number of occasions, staff received approval of the plan in summer 2020. Staff is now working on a tax incentive plan specific to PILOT agreements (affordable housing).

Action Item 2019-6 *Implicit bias training for all employees*

The direction was to focus on front line employees for the training, and to begin review of existing policies for implicit bias. Not only at city hall – throughout our city. By the end of 2019, most city employees had the opportunity to attend a training session – including management, frontline staff, police, and fire. Additionally, elected officials

and key staff are expected to undergo Intercultural Development Inventory (IDI) analysis with the Michigan Civil Service Commission.

Other Related Progress on Key Focus Areas:

Much of our activities since 2016 have focused on improving quality of life. In many ways, quality of life has been positively impacted by direct city action. Residents are being engaged within their neighborhoods; property values are rising as our neighborhoods become more livable and safer; and the local economy continues to show stable and strong growth – providing jobs for most that are willing/able to work.

GOAL 4: REVITALIZE REVENUES

Create an environment that naturally affects the city's revenues in a positive manner, with a focus on reclaiming the investments at Midtown Square, nurturing startup projects proposed throughout the city, and exploring staff recommendations related to new revenues.

Key Focus Areas

Reclaim Investments in Midtown Square

Nurture Start Up Projects

Explore Staff Recommendations Related to New Revenues

PROGRESS TOWARD 2021: REVITALIZE REVENUES

Approved Commission Action Items:

Action Item 2016-1 Develop a Strategy to Preserve Cash Reserves

Ove the past five years, staff and commissioners have done an excellent job preserving cash balances in the City's government funds. This action item was specifically directed at the General Fund, as 2015-16 estimates demonstrated a continued depletion of the fund's cash reserves. The five-year fiscal forecast presented in the FY 2015 Budget predicted that FY 2020 would realize an ending fund balance of -\$2,113,573. The driver behind the loss in cash position was the GF Revenue's inability to keep pace with rising salary/benefit costs – specifically related to legacy costs. The plan used to address this issue was highly successful. Staffed worked to simultaneously increase revenues and reduce these expenses. General Fund Revenues for FY 2020 outperformed estimates by \$4.5 Million; General Fund Expenses for FY 2020 exceed estimates by \$1.1 Million. The net impact of the positive position is FY 2020 ending fund balance is outperforming original estimates by \$8.2 Million.

The City has realized a much more stable revenue outlook in all funds since 2015-16. This is a result of exploring/implementing new and improved revenue streams as well as addressing long-term operating costs. The impact on the city's various funds is noticeable.

In the general fund, both income and property taxes are trending in a positive direction, as are user fees that fund specific government tasks:

- For the third consecutive year, residential assessed values have grown in excess of 6%. The 2020 County Equalization Report indicates that the City of Muskegon's residential assessed values grew at the fastest rate in the county. The 2021 report will likely signal even greater growth.
- For FY 2020-21, the city is expected to collect \$7.3 Million in property tax revenue. Additionally, the city is receiving approximately \$750,000 annually in personal property tax replacement revenue directly from the State of Michigan, which typically would have been reported as property tax revenue in prior years.
- Total income tax revenues increased by 10% from 2016 to 2020. For FY 2019-20, the city collected over \$9 Million in income tax revenue. Staff is expecting a correction period following the COVID-19 pandemic, and a rebound starting in FY 2021-22.
- User fees were right-sized to help move certain fee-driven services toward self-sufficiency:
 - In FY 2017, taxes generated for sanitation services failed to fully offset the costs of providing curb-side sanitation services. The following year, staff

proposed a monthly sanitation fee that offset the shortfall. The small fee is applied to each monthly residential water/sewer bill, and generates more than \$200,000 annually. This fee is also used to fund the curbside recycling program.

- The inspections and enforcement departments were combined to help offset \$1+ Million collective deficit annually. Building trade permit fees were realigned in 2017, as were rental inspection fees. Going forward, the program is expected to be revenue-neutral.
- Other major funds are also realizing revitalized revenues and/or other positive boosts to cash reserves:

- Staff recently negotiated the renaming of the former LC Walker Arena to Mercy Health Arena in exchange for a long-term \$1.6 Million sponsorship agreement with the city's largest employer. The agreement will generate just over \$100,000 annually to help offset arena-related expenses – which are typically offset by the city's General Fund. A similar agreement was negotiated with VanDyk Mortgage Corporation to sell naming rights to the new convention center – generating \$1.5 Million over the next 10 years.



- The City Commission recently raised user fees in the Marina Fund, Wastewater Fund, and Water Fund. All of these funds are now in a position to operate with modest annual operating surpluses. All three will be funding significant capital improvements over the next three fiscal years, and rate adjustments will help ensure they can do so without significantly impacting operational reserves.
- City staff was successful in securing \$35 Million in water and sewer related loans from the Michigan State Revolving Loan Fund. The funds will be used to replace critical infrastructure related to our water supply and distribution assets, as well as our wastewater collection system. Up to 70% of the sewer-

related debt will be forgiven upon successful completion of the projects. Similarly, up to 30% of the water-related debt will be forgiven.

- Both of the city's street-related funds are experiencing significant increases in state revenues. Collectively, the city will receive \$2.32 Million more in state dollars in FY 2021 than it did in FY 2016; a 73.65% increase.

Action Item 2016-2 *Explore Special Assessments*

The only special assessments implemented have been a city-wide assessment to fund an LED street light conversion, and two Business Improvement Districts to fund maintenance and improvements in the Downtown and Lakeside business districts. These programs have had positive impacts on cash reserves in the General Fund, the Major Street Fund, and the Local Street Fund. The street light assessment will result in the replacement and upgrade of all streetlights to energy-efficient LED bulbs. The long-term impact will be more than \$4.75 Million in savings to the general fund over the next ten years. In FY 2015, the general fund invested \$670,000 in streetlighting operations. In FY 2021, that amount is expected to be \$350,000. In FY 2020, that number is expected to be reduced to \$300,000; absent any changes, streetlighting costs were estimated to reach \$775,000 by 2021.



Other Related Progress on Key Focus Areas:

- Reclaim Investments in Midtown Square.*

All of the homes have sold, and the sales have had a significant impact on surrounding property values. The City initially invested \$1.575 Million in the development; selling the nine homes for a collective net income of \$1.395 Million after all seller concessions and real estate transaction fees. The properties' values surrounding the 9 houses realized a change in appearance and value in the initial two years after the project was completed. The table below shows that actual sales grew by 750% in the neighborhood following the completion of the homes; the price per square foot rose 305%. Based on estimates by the City's Assessing Department, values in this area rose by an additional 7% and 12% in the subsequent two years, respectively. New property taxes generated in the surrounding sub-area are estimated to at more than \$100,000 per year.

Period	Sales	Total Sales	Avg Sales Price	Total SF	Avg SF	\$ per SF
*March 2014-August 2016	27	\$601,720.00	\$22,285.93	48,494	1,796	\$12.41
*Sept 2016 - May 2018	61	\$4,510,362.00	\$73,940.36	119,069	1,951	\$37.88
MTS Complete: August 2016		750%	332%	246%	109%	305%
**Pre-MTS Sub Area	10	\$161,820.00	\$16,182.00	12613	1,261	\$12.83
**Post-MTS Sub Area	18	\$1,616,400.00	\$89,800.00	28466	1,581	\$56.78
MTS Complete: August 2016		999%	555%	226%	125%	443%

*Area measured is all of Nelson Neighborhood south of Webster Avenue

**Area measured is all properties within three blocks of the MTS project.

- *Nurture Start Up Projects*

This item refers to the many new business initiatives underway starting in 2016. Overall, startups have fared well in Muskegon since 2016, with many still in operation today, despite the impacts of the COVID-19 pandemic. Staff has spent numerous hours investing in events and promotions to help ensure continued prosperity of our growing business sector. Staff has also recommended or implemented a number of programs focused on helping startup businesses and industries, including the small retailer program and the previously-mentioned gift card purchasing program.

- *Explore Staff Recommendations Related to New Revenues*

Staff has brought a number of initiatives to the City Commission in the years since 2016. One of the most successful new revenue sources – implemented in 2020 – has been paid beach parking. Although there was some disagreement among City Commissioners as to whether to wait until 2021 or start in 2020, staff recommended 2020; the resulting gross income exceeded \$600,000 for summer 2020.

Staff believed in 2016, and continues to believe in 2020, that our best opportunity for sustainable growth in revenues is to attract people working in the city but residing in other communities to relocate into the city limits. The fiscal impact of such moves is being felt today as new residents move into neighborhoods. The long-term impact on revenues has been – and will continue to be – multi-faceted:

- *Improved income tax revenue*
- *Improved property values (tax revenue)*
- *Improved prosperity of local businesses; resulting in additional investments*
- *Improved utility revenues*
- *Improved permitting revenues*